

EX-7781

## CONFIDENTIAL

MEMORANDUM FOR: The Director of Central Intelligence

1. This is in response to your request for additional information prior to replying to the Department of the Navy's request for reimbursement for our junior officers who receive Navy training.

2. If we were to accept the Navy's request that reimbursement start as soon as these officers are commissioned, the cost to CIA would be approximately \$21,500 more for the present fiscal year than if reimbursement were to take effect only after the actual detail to the Agency. This amount, in itself, would not be a prohibitive sum. However, if the Navy's request were met, almost surely we would have to agree to the same arrangement for the Marine Corps, Air Force, and Army. Taken together, the total for all services would be \$78,426 more for fiscal year 1954, calculated on the basis of personnel who are now participating in these training programs. Using present estimates of the program scope proposed for Fiscal Year 1955, the total added costs for CIA would be approximately \$112,000.

3. The Director of Training is of the opinion that we should not continue this form of training, if it must be done at the additional cost which reimbursement for service outside CIA would involve. It is his feeling that the CIA financial investment in individual officers would be too heavy, bearing in mind that there is no assurance that they will wish to continue in intelligence careers after completion of training. As a matter of fact, one of these individuals has already indicated that he does not desire to return to Agency civilian employment upon completion of his active duty tour with the Navy.

4. The reimbursement agreement between the Department of Defense and CIA limits reimbursement to "officer personnel assigned and/or detailed to the Agency..." It is felt that the Navy's request is definitely outside the scope of this inter-Agency agreement. Despite this, we should not rely on this technical circumstance if reimbursement were otherwise warranted. However, it is not felt that the benefits from the program are realized exclusively by CIA. The officers involved serve the Navy in a regular duty capacity prior to coming to CIA on detail, and the Navy exercises full control over their work. For this reason, and those reviewed above, I recommend sending the attached proposed reply to Admiral Carney.

X 104

LAWRENCE R. HOUSTON  
Acting Deputy Director  
(Administration)

SA/DD/A:DCK:dh (18 Dec 1953)

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